CALIFORNIA LEGISLATURE—2003–04 REGULAR SESSION

ASSEMBLY BILL   No. 434

Introduced by Assembly Member Hancock

February 14, 2003

An act relating to parks. *An act to add Section 53856.2 to the Government Code, relating to temporary borrowing by the City of Richmond, and declaring the urgency thereof, to take effect immediately.*

LEGISLATIVE COUNSEL'S DIGEST

AB 434, as amended, Hancock. Parks *Finances: City of Richmond*. This bill would declare the Legislature's intent to develop a plan to increase access to urban parks.

Existing law authorizes a local agency, as defined, to borrow money, pursuant to a specified procedure, with the indebtedness represented by a note or notes issued to the lender. The procedure authorizes the local agency to pledge revenues to the payment of the note or notes and the interest, as specified, and makes any note issued a general obligation of the local agency to the extent it is not paid by the pledged revenues.

This bill would authorize the City of Richmond to issue these notes and to pledge property tax revenues apportioned to the city for the payment of the notes according to a specified procedure.

This bill would declare that it is to take effect immediately as an urgency statute.

Vote: ~~majority~~ ²⁄₃. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

The people of the State of California do enact as follows:

1 ~~SECTION 1.   It is the intent of the Legislature to develop a~~
2 ~~plan to increase access to urban parks.~~
3   *SECTION 1.   Section 53856.2 is added to the Government*
4 *Code, to read:*
5   *53856.2.   (a) The City of Richmond may issue notes pursuant*
6 *to this section. Except to the extent inconsistent with this section,*
7 *notes issued pursuant to this section shall also be subject to this*
8 *article.*
9   *(b) The resolution of the City of Richmond providing for the*
10 *issuance of the notes pursuant to this section shall provide that the*
11 *Auditor of the County of Contra Costa shall make one or more*
12 *transfers directly to the trustee or fiscal agent for the notes issued*
13 *pursuant to the resolution out of the property tax revenues*
14 *apportioned to the City of Richmond pursuant to Article 2*
15 *(commencing with Section 96) of Chapter 6 of Part 0.5 of Division*
16 *1 of the Revenue and Taxation Code, except for amounts collected*
17 *in respect of taxes levied pursuant to subdivision (b) of Section 1*
18 *of Article XIII A of the California Constitution, in the amounts and*
19 *at the times necessary to fund any required set-asides to pay*
20 *principal and interest on the notes, as specified in the resolution.*
21 *The transfers shall in no event be made earlier than January 15 in*
22 *any fiscal year. No transfer may exceed the amount available to be*
23 *apportioned to the City of Richmond from property tax revenues at*
24 *the time the transfer is required to be made.*
25   *(c) In the event that, prior to the date of any transfer specified*
26 *in subdivision (b), property tax revenues are available to be*
27 *apportioned to the City of Richmond in excess of the amount of the*
28 *transfer, the Auditor of the County of Contra Costa shall pay the*
29 *excess amounts to the City of Richmond only if the Auditor of the*
30 *County of Contra Costa determines that the remaining property*
31 *tax revenue available to be apportioned to the City of Richmond*
32 *during the fiscal year will be sufficient to make the transfers*
33 *specified in subdivision (b).*
34   *(d) The City of Richmond shall send a certified copy of the*
35 *resolution providing for the issuance of the notes pursuant to this*

section to the Auditor of the County of Contra Costa. The Auditor of the County of Contra Costa shall make the transfers in the amounts and at the times specified in this section.

(e) The trustee or fiscal agent for the notes issued pursuant to this section shall have a lien on the property taxes collected by the County of Contra Costa that are apportioned to the City of Richmond pursuant to Article 2 (commencing with Section 96) of Chapter 6 of Part 0.5 of Division 1 of the Revenue and Taxation Code, except for amounts collected in respect of taxes levied pursuant to subdivision (b) of Section 1 of Article XIII A of the California Constitution, the rights of the City of Richmond to receive these apportioned property taxes, the amounts transferred by the Auditor of the County of Contra Costa pursuant to this section, and the proceeds of all of the foregoing property. This lien shall secure the payment of all amounts due on the notes. This lien shall arise by operation of this section automatically upon the issuance of the notes without the need for any action on the part of any person. This lien shall be valid, binding, perfected, and enforceable against the City of Richmond, its successors, creditors, purchasers, and all others asserting rights in the property described in this paragraph, irrespective of whether those persons have notice of the lien, irrespective of the fact that the property subject to the lien may be commingled with other property, and without the need for physical delivery, recordation, public notice, or any other act. This lien shall be a first priority lien on the property described in this paragraph.

SEC. 2. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

The City of Richmond is facing a critical cash flow shortfall and may need to issue short-term notes early in the 2004–05 fiscal year. Further, there have been recent downgrades in the city's credit ratings. In order to allow the notes to be adequately secured and marketable at reasonable interest rates at the earliest possible time, it is necessary that this act take effect immediately.

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